

January 21, 1975

Beef Packers and the related financial problems of Nebraska agricultural producers who have suffered and are suffering as a result of the American Beef bankruptcy crisis. Further that the Agricultural Committee report to the Legislature on a daily basis the findings and recommendations. Signed Senator DeCamp.

PRESIDENT: The chair recognizes Senator DeCamp.

SENATOR DeCAMP: Mr. President, the other day we passed a motion with respect to American Beef directing the two committees, Administrative Rules and the Agricultural Committee to look into whether the rules and regulations had been enforced. In other words, that resolution limited itself primarily to determining causes of the problems and whether error had been made, this type of thing. This particular motion is based upon research done in the last week and information obtained primarily by Senator Schmit and some other people here. Senator Schmit is going to give a full report to you here in a minute and the primary purpose of this resolution is to have this entire Legislature direct the Agricultural Committee to make these findings to you and report to you suggested solutions and from this point on I would think that the proper person to explain all this would be Senator Schmit himself and just add that he spent probably 24 hours a day working on this including private meetings with Mr. West and other officials of American Beef, meetings with a number of other people and I think he has some information that will enlighten you tremendously on the American Beef problem. You have read in the paper such proposed solutions as having custom slaughtering. Senator Schmit is going to report to you on the difficulties of that and the whole aspect and I would ask that you vote on this motion because I think it is important.

PRESIDENT: Senator Schmit to speak for the motion.

SENATOR SCHMIT: Mr. President and members of the Legislature, I rise in support of the motion for some of the reasons that have already been mentioned by Senator DeCamp. I'd like to further report that the principal problem that, of course, is faced by American Beef at this time is one of financing. Part of this problem has been caused by the fact that although they are required to pay promptly for livestock purchased from the farmer, that they are not paid promptly by the retailer. There is from a 14 to 21 day lag from the time they have sold the product until they are paid for it. This, of course, creates a tremendous credit problem and prevents--it creates an almost impossible situation where a bond is required from a packer to cover that amount of money. The proposal has been advanced that this Legislature should require bonding of these packers. The suggestion has been advanced that, perhaps, the Department of Agriculture, Mr. Kreuscher, had not been vigilant enough in their surveillance of these packing companies. The facts are, I think, that the Department has been doing its job but it is not possible, and it is just not possible, to secure a bond for the twenty to thirty million dollars that the average packer would have to have if they are going to guarantee payment to the producer. The suggestion has been advanced by members of the Committee that the Committee on Agriculture and Environment would introduce Legislation which would require payment by retailers to the packer within 48 hours, identical with the provisions of the Federal act which requires prompt payment by the packer to the farmer. There are other aspects that will have to be developed as time goes by but I believe that this motion will bring out into the open many of the factors that have contributed to the serious situation which